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Activities of the Joint Inspection Unit of relevance to the United Nations Children's Fund

Note by the secretariat

Summary

This document provides information on reports prepared by the Joint Inspection Unit during the period September 2001 through September 2002 that are of specific relevance to UNICEF, which heretofore were not considered by the Executive Board. It presents action taken by UNICEF as well as the views of the Executive Director on the issues raised by the inspectors.

* E/ICEF/2003/2.



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I. Overview

1. Reports of the Joint Inspection Unit (JIU) are submitted to the executive heads of the organizations concerned, who then act upon them, as appropriate, and report to their relevant Executive Boards. The present document provides information on JIU reports issued from September 2001 through September 2002 that are considered relevant to the administration and management of UNICEF, together with comments regarding the conclusions and recommendations contained therein, and a summary of actions undertaken.

2. Since the previous report (E/ICEF/2002/5) was reviewed by the Executive Board at its first regular session of 2002, UNICEF has continued its ongoing dialogue with JIU on handling of the reports and on procedures for subsequent follow-up. This greater intensity of dialogue and interaction on issues of common interest have increased the relevance of the reports, improved implementation of their recommendations and enhanced transparency. There is active coordination among members of the Executive Committee of the United Nations Development Group (UNDG) and with the members of the Chief Executives Board (CEB) for Coordination to ensure consistency and coherence in the handling of JIU reports so as to obtain maximum benefits.

II. Reports submitted by the Joint Inspection Unit of direct interest to UNICEF

3. In the last year, JIU has issued several reports of interest to UNICEF. The comments, observations and follow-up notes of UNICEF are summarized below.

A. Report of the Joint Inspection Unit on "Enhancing governance oversight role: structure, working methods and practices on handling oversight reports" (JIU/REP/2001/4), and the comments of the Secretary-General on this report (A/57/58/Add.1)

4. This report addresses the "executive" legislative organs of the United Nations system, providing a series of recommendations and conclusions aimed at enhancing their effectiveness and quality of oversight. The findings are presented as general guidelines for organizations to tailor to their own specific circumstances.

5. Many of the recommendations for enhancing effectiveness of oversight by legislative organs are already established practice for the UNICEF Executive Board. In this regard, it should be noted that reports of both the UNICEF Office of Internal Audit and United Nations Board of Auditors are already regular items on the Board's agenda. Significant improvement has been registered in the presentation and analysis of issues with reports taken up under appropriate substantive agenda items. The secretariat has also expanded reporting on management actions to address audit recommendations. Generally, policy and management actions are presented within an overall context and without specific attribution to particular oversight reports. While the format and presentation of support budgets for UNICEF is harmonized with those of the United Nations Development Programme and the United Nations

Population Fund and approved by their Executive Board, the impact of relevant JIU recommendations and related follow-up action will be included as appropriate.

6. With respect to its meetings, the Executive Board defines its own agenda and working methods. The Board currently is organizing a series of informal meetings on ways to improve further its overall working methods, with the most recent discussions held in June and September 2002. This exercise has been initiated by the Executive Board and is directed towards ensuring that the efficient organization of its work is an ongoing exercise.

7. In decision 2001/4 (E/ICEF/2001/16), the Executive Board requested the Executive Director to submit brief summaries of JIU reports and, where appropriate, recommendations for action by the Board, and requested the Executive Director to inform the Board of measures taken on the implementation of those recommendations. Under those procedures, upon receipt for comment of a draft JIU report, the Executive Director includes in her responsive comments an indication of whether the report is, in her opinion, relevant to UNICEF or not. Where reports are determined to have relevance, they are submitted as final reports to the Executive Director for circulation to the members of the Executive Board. Where relevant, these reports, along with the comments of the Executive Director, are available for discussion under the appropriate substantive agenda item. The subsequent implementation and follow-up of the findings and recommendations of JIU will take into account the comments and decisions of the Executive Board. The Executive Director submits an annual report to the Executive Board outlining measures taken on the implementation of approved recommendations of JIU, including those falling within the purview of the Executive Director.

B. Report of the Joint Inspection Unit on "Involvement of civil society organizations other than non-governmental organizations and the private sector in technical cooperation activities: experiences and prospects of the United Nations system" (JIU/REP/2002/1)

8. This report examines the profile of civil society organizations (CSOs) and offers guidance as to how United Nations entities can better structure and expand their involvement and cooperation with them in economic and social development programmes. The report foresees an active partnership role for CSOs in technical assistance, and an active support of them by United Nations organizations.

9. UNICEF traditionally has worked closely with CSOs and has a broad range of relationships with them. In many aspects of this relationship, UNICEF is a leader among United Nations agencies. It widely supports the involvement of CSOs in programmes and projects for which it provides assistance under agreed country programmes of cooperation. CSOs have an active role in the governance structure of UNICEF and are partners in advocacy initiatives. CSOs played a major role in the preparations for the General Assembly Special Session on Children and participated actively in the session and associated events.

10. UNICEF supports a process for further exploring policy and operational issues relevant to cooperation with CSOs, particularly at the country level. UNICEF already includes CSOs in its information-sharing, communication and networking

on technical cooperation programmes. Where appropriate at the national level, UNICEF would envisage extending training and capacity-building opportunities to CSO staff. There is also participation by CSOs in the context of UNICEF-supported emergency response activities. UNICEF offices promote the appropriate involvement of CSOs in national and local planning and policy development on issues relating to children's rights and well-being.

11. UNICEF currently is reviewing mechanisms to enhance the role of CSOs, including the consultative dimension, taking into consideration many aspects of the JIU report. Further follow-up also will take into account the work of the High-Level Committee on Programmes (HLCP), on whose current agenda the issue of United Nations system collaboration with CSOs is an item. The HLCP has agreed to commission a study to take stock of the state of collaboration between United Nations organizations and CSOs highlighting the policy dimension of such cooperation.

C. Report of the Joint Inspection Unit on "The results approach in the United Nations: implementing the Millennium Declaration" (JIU/REP/2002/2)

12. This report sets out a results-based approach to the implementation of United Nations programme activities as well as a restructuring and streamlining of country-level processes and global reporting. In particular, the proposals envision an ambitious streamlining of many of the current processes into a single Common Country Review Report, a strategic review debate every five years in each country and a global debate every five years synthesizing the country reports and informed by a new report, the Medium-Term Strategic Review.

13. UNICEF is following up on the report in the context of reform work being carried out in the undg and the CEB machinery as well as in the implementation of the Millennium Development Goals. A number of the key proposals relate to processes and issues that are within the purview of Member States and are therefore more suited to discussion and decision-making by the Economic and Social Council and the General Assembly.

D. Report of the Joint Inspection Unit on "Support costs related to extrabudgetary activities in organizations of the United Nations system" (JIU/REP/2002/3)

14. This report presents a review of the formulation and application of policies on extrabudgetary support costs in a range of United Nations agencies and proposes measures aimed at them. It recognizes the reality of frozen or falling core resources and the relative increasing importance of extrabudgetary funding. This report came at a particularly opportune time for UNICEF, coinciding with the preparation of the report on the UNICEF recovery policy (E/ICEF/2003/AB/L.1) to be submitted to the first regular session of the Executive Board in 2003.

15. The JIU report provides an analysis of approaches of various United Nations organizations, a range of such key definitions as fixed costs and variable costs, and an analysis of fully or incremental cost-recovery principles based on the experiences

of organizations using these respective approaches. The report also contains a recommended methodology that combines the best practices among the organizations surveyed. Finally, there is recognition of the different nature of United Nations organizations and different cost structures, which leads to the principle of transparency in presenting the recovery policy rather than uniform policy for all.

16. Much of the analysis and recommendations presented in the report reflect the practice existing in present UNICEF procedures. For example, the Executive Board approves country programmes of cooperation funded from regular and other resources. Coupled with the resource mobilization strategy approved by the Executive Board, this ensures that resources will be focused on the priority areas of the medium-term strategic plan. This principle, cited in the report as the fundamental purpose for pursuing extrabudgetary activities, has been followed by UNICEF since the inception of other resources (extrabudgetary) activities.

17. The UNICEF methodology to calculate the incremental support costs for extrabudgetary resources is also presented in the report as an option to be followed by other organizations.

18. In the report on cost recovery (E/ICEF/2003/AB/L.1), UNICEF has followed the JIU recommendation in respect of the incremental cost measurement method to define the share of the costs associated with extrabudgetary activities, having used actual income and expenditure in the past as the basis for calculation.

19. Finally, UNICEF has conformed to the JIU recommendation which proposes a sliding scale support-cost rate for different volume of other resources as well as special recovery rate for thematic funding for MTSP priorities.

E. Report of the Joint Inspection Unit on "Extension of water-related technical cooperation projects to end-beneficiaries: bridging the gap between the normative and the operational in the United Nations system (Case studies in two African countries)" (JIU/REP/2002/4)

20. The recommendations in the report relate to a review of activities of United Nations agencies in the area of water resources. One of the two case studies included in the report highlights a water, sanitation and health project in Zambia where UNICEF has been supporting the Government in reducing child morbidity and mortality rates and improving the quality of life. The project aimed to increase the availability of safe and sustainable water supplies and sanitation facilities in rural and peri-urban areas in coordination with health and hygiene interventions. The report of the case study concludes that since 1997, 90 per cent of the water supply systems installed through UNICEF assistance were still functioning, 22,000 households had built family latrines and hygiene practices had improved.

21. UNICEF support to Governments is focused on the development of community-based, integrated water supply, sanitation and hygiene projects. The report highlighted the fact that after a number of years, some of the water supply systems were no longer functioning. After completion of projects, UNICEF provides support for repair of systems when requested in terms of spare parts and equipment, although the Government and community are responsible for maintaining the systems. UNICEF recognizes there is need for further development of more

effective operation and maintenance mechanisms in many developing countries, especially in Africa, where an estimated 30 per cent of systems are no longer functioning.

22. UNICEF supports the findings that improving information exchange may be necessary while recognizing the distinct differences of each of the programmes supported by United Nations agencies. It is complying with the recommendation to develop a database of water-related technical cooperation projects executed with the support of United Nations agencies.

23. UNICEF confirms the importance of efforts to enhance and complement the current United Nations Development Assistance Framework exercise. Taking this exercise a step further and developing an operational process where programmes of United Nations agencies would be coordinated towards integrated water sector interventions (as outlined in recommendation six of the report) may be difficult in terms of the mandated responsibilities of each agency. UNICEF supports the need for closer coordination at field level and sharing of information between the organizations presently working within the sector. As in other sectors, an inter-agency water group has been established in many countries through the resident coordinator system. Good examples of these groups can be documented and shared with all resident coordinators for the establishment of similar mechanisms on a global scale. Certainly, this can be an effective means to coordinate and harmonize the support of all United Nations agencies and donors supporting sectoral activities.

24. The report calls for more actions to be taken to bridge the gap between activities conducted at the normative level and operational activities at field level. The report stresses the need for better synergies and complementarities in field-level interventions. UNICEF continues to support the Subcommittee on Water Resources, formerly part of the Administrative Committee on Coordination and which is presently reorganizing its structure as part of the reform of the CEB. The subcommittee is mandated to enhance country-level coordination of activities by the members of the United Nations system concerning the application of integrated approaches to the development, management and use of water resources.

F. Report of the Joint Inspection Unit on "Reform of the administration of justice in the United Nations system: options for higher recourse instances" (JIU/REP/2002/5)

25. This report addresses the reform of the administration of justice in the United Nations system. It considers the possibility of establishing a higher instance in respect of the binding decisions of the two main international administrative jurisdictions, namely, the International Labour Organization Administrative Tribunal and the United Nations Administrative Tribunal. While reform of the administration of justice falls primarily within the purview of the Secretary-General, the follow-up to these matters should take place within the machinery established for administration of the common system and within the CEB process.

26. UNICEF notes that the Secretary-General has established an Office of the Ombudsman as called for by the General Assembly and as recommended by the JIU. As noted in the report, UNICEF has an ombudsperson system to help staff address grievances in an informal and conciliatory manner. UNICEF recently has revised its

ombudsperson policy in consultation with the UNICEF Global Staff Association. The revised policy clearly defines the terms of reference of an ombudsperson as a neutral third party whose primary role is to serve as a mediator. The ombudsperson provides informal, impartial and confidential consultation to staff members in disputes related to conditions of employment. In the past year, UNICEF has developed a training programme for new ombudspersons and implemented a major training initiative for ombudspersons and human resources officers throughout the organization. UNICEF intends to experiment further with ways to strengthen the system and give recognition and authority to ombudspersons in order to resolve grievances early and informally by establishing panels of ombudspersons and by better rewarding and recognizing successful ombudspersons.

27. UNICEF shares the views of the JIU on the publication in annual reports of summarized information on the number and nature of the cases heard before joint disciplinary committees (JDCs) insofar as it applies to ad hoc JDCs at UNICEF.

III. Ongoing/forthcoming reports of the Joint Inspection Unit of interest to UNICEF

28. Two ongoing JIU reports are of interest to UNICEF, on the implementation of multilingualism in the United Nations system and on United Nations system revenue-producing activities.

29. In addition, UNICEF has taken note of the preliminary listing of potential reports for 2002 and beyond, with the following expected to have relevance for UNICEF:

- (a) Effective arrangements and mechanisms to ensure interdisciplinary approaches to the formulation and implementation of programmes and activities;
- (b) Role of the United Nations system in disaster reduction and response;
- (c) Cooperation of the United Nations system with multilateral financial institutions;
- (d) Harmonization of administrative practices and entitlements for staff of the United Nations system serving at field duty stations;
- (e) Human resources management in the United Nations system (a series of reports);
- (f) Voluntary contributions from Member States;
- (g) Planning, programming, budgeting, monitoring and evaluation in the United Nations system: status of implementation of results-based management;
- (h) Procurement practices in the United Nations.



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Progress report on UNICEF engagement in sector-wide approaches to development

Summary

The present report has been prepared in response to Executive Board decision 2001/11 (E/ICEF/2001/6). Placing sector-wide approaches to development (SWAp) in the context of existing and emerging development financing initiatives, the report highlights the UNICEF contributions to SWAp. It presents reflections on perceived benefits and constraints of UNICEF engagement in SWAp and discusses progress made in strengthening the organization's capacity to participate in them. The report draws heavily on the findings of assessments of UNICEF experience with SWAp and the annual reports of UNICEF country offices presently involved in SWAp.

* E/ICEF/2003/2.



I. Introduction

1. The present report is submitted in response to Executive Board decision 2001/11 (E/ICEF/2001/6), in which the Board encouraged the Executive Director to further strengthen UNICEF participation in sector-wide approaches to development (SWAp) and to ensure adequate staff training in this area. The Board also requested the Executive Director to report on benefits, constraints and impediments with regard to UNICEF participation in SWAp, including financial participation.

II. Sector-wide approaches in the context of new development initiatives

2. Since sector-based programmes were introduced in the early 1990s, a number of other development initiatives have emerged, some with a broader scope than SWAp and others with a narrower focus. At the global level, the World Summit for Social Development launched the international development goals in 1995. The General Assembly adopted the Millennium Declaration in 2000 and A World Fit for Children in 2002. These initiatives articulated broad agendas for poverty reduction, including specific targets to be achieved between 2010 and 2015. In 1999, the World Bank and International Monetary Fund introduced the enhanced Debt Initiative for the Heavily Indebted Poor Countries (HIPC) and its operational tool, the Poverty Reduction Strategy Paper (PRSP), to reduce the debt burden of the 42 poorest countries. African leaders adopted the New Partnership for Africa's Development (NEPAD) in 2001. Other initiatives — such as the Global Alliance for Vaccines and Immunization (GAVI), the Global Alliance for Improved Nutrition, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the World Bank's Multi-Country HIV/AIDS Program — have largely centred on resource mobilization for specific interventions.

3. The PRSP initiative, which now is being delinked from HIPC and increasingly is the central country-led strategy for achieving the Millennium Development Goals, focuses largely on Africa, where most SWAp are being implemented. Consequently, many of the countries involved with SWAp are dealing with several initiatives at the same time. PRSPs in particular have absorbed the attention of numerous Governments since 2001 and have drawn important support from donors and civil society. At present, the relationship and sequencing between SWAp and PRSPs are evolving, with the potential for both complementarity and tension between them. Where a SWAp was once the primary instrument for unifying international support for sectoral reform, there are now several initiatives, posing a challenge to national Governments and to multilateral and bilateral agencies.

III. The UNICEF contribution to sector-wide approaches

4. UNICEF is participating to varying degrees in evolving SWAp and sectoral development programmes in 20 countries, mostly in the health and education sectors. SWAp processes are in early stages of development in countries including Burkina Faso, Lao People's Democratic Republic, Lesotho, Mauritania, Malawi, Papua New Guinea, Rwanda and Yemen. The implementation of these processes is relatively more advanced in such other countries as Bangladesh, Cambodia,

Ethiopia, Ghana, Mali, Mozambique, Nepal, Senegal, Uganda, United Republic of Tanzania, Viet Nam and Zambia. Within this grouping, some countries have several SWApS that are at different stages of development. UNICEF offices increasingly have supported consultations on SWApS from the early planning stages. At country level, four elements represent the UNICEF inputs to SWApS: advocacy for children; technical support for design and monitoring activities; support to cross-sectoral activities that are relevant to the sectoral priorities; and material support (supplies and funding).

A. Advocacy

5. UNICEF works to place children, and the fulfilment of their rights and needs, at the centre of SWApS, which offer the opportunity for improving the situation of children and to which the organization can contribute using its comparative advantages. UNICEF offices in countries implementing a SWAp seek to contribute a child-related perspective to the policy debate and assist national partners in ensuring that SWApS reflect, as far as possible:

(a) Key human and child rights principles of universality and non-discrimination, the right to survival and development, the right to participation and self-expression and consideration of the best interests of the child;

(b) A holistic, child-centred approach which recognizes children as holders of rights;

(c) The incorporation of development goals and objectives in SWApS which are relevant to children and women, and of key programme components that address their needs;

(d) An operational approach which incorporates, wherever necessary, cross-sectoral perspectives and which promotes the participation of local, civil society and non-governmental stakeholders in the SWAp process.

6. In Mali, for example, UNICEF is supporting the SWAp for the justice system at national and subnational levels through advocating codes and legislative texts relating to children's and women's rights, and through support for monitoring the implementation of the Convention on the Rights of the Child and the Convention on the Elimination of all Forms of Discrimination against Women. In Senegal and the United Republic of Tanzania, UNICEF stressed the need for SWApS to enhance the involvement of communities, especially through school committees, and to address issues hampering girls' education. In Uganda, UNICEF is a member of the working groups on disadvantaged groups and girl's education. In Ghana, UNICEF advocated for, identified and supported activities to reduce geographical, gender and socio-economic disparities by improving systems for monitoring disaggregated indicators on health and education.

B. Design formulation and monitoring of sector-wide approaches

7. The design phase of SWApS is generally demanding, involving the adaptation of their concepts to country situations, conducting multiple appraisals, and defining sectoral priorities, plans and tools for monitoring performance. Governments often seek assistance from development partners to meet these challenges. In Nepal,

UNICEF, together with the Governments of Finland and Norway, provided technical assistance for designing the "Core Implementation Plan" for education. In Ethiopia, UNICEF assisted subregional authorities in finalizing their plans and strengthening health services. In Cambodia, UNICEF was one of five agencies assisting the Government in the development of essential services and delivery strategies for the health SWAp. In Malawi, UNICEF led the team that developed and costed the package of essential health services. In the United Republic of Tanzania, UNICEF assisted the Government with the costing of district health services. In Mali, a decade-long collaboration between UNICEF and the World Bank gave the Government the technical and financial support it needed to develop district-based health strategies, a core element of the health SWAp.

8. UNICEF has also contributed significantly to monitoring aspects of SWApS. In Ethiopia, UNICEF and the World Health Organization (WHO) received a special of acknowledgement from the Ministry of Health for their contribution to the mid-term review of the health SWAp in 2001. In Bangladesh and Uganda, UNICEF staff chaired key working groups during the mid-term review of sectoral programmes.

C. Cross-sectoral work

9. Another UNICEF contribution to SWApS is its support to cross-sectoral activities, which in turn enhance the attainment of such sectoral goals as nutrition, gender and sanitation. There is a risk that these issues might not receive sufficient attention if the boundaries of a SWAp are narrowly defined. UNICEF supports such decentralized institutions as local government, civil society organizations (CSOs) and community groups to enhance the achievement of sectoral goals in Ethiopia, Ghana, Senegal, Mali, Mozambique, Uganda and United Republic of Tanzania. Additionally, UNICEF has fostered technical interventions and innovative work to demonstrate the feasibility of expanding service coverage to reach the poor. SWApS facilitated the expansion of innovative activities initiated with UNICEF assistance, including nutrition and safe motherhood in Bangladesh, community-based education initiatives and girls' education in Senegal and operational guidelines for supporting districts in Uganda.

10. A number of factors enhance the effectiveness of UNICEF in cross-sectoral work. These include the organization's deep understanding of the situation of children and women; a capacity for creating broad alliances and fostering consensus between government and civil society; a capacity to work at national and subnational levels in both policy-related and programmatic forums; and a capacity to design and achieve results through integrated programmes which address the complex causes of the non-fulfilment of children's rights, and of the manifestations of poverty.

D. Financial contribution

11. UNICEF has contributed significantly to the overall mobilization of resources for sectors with a SWAp and has served as a channel for funds from bilateral donors which, together with international financial institutions, contribute funds directly to Governments implementing SWApS. Governments often appreciate UNICEF more for the speed and flexibility with which it can disburse funds, especially in response

to contingency needs and sudden developments, and for its willingness to test innovative approaches, than for the size of its financial contribution, which will usually be modest. UNICEF contributions to SWAp come in the form of supplies, technical assistance or cash assistance. As reviewed above, UNICEF funding has been instrumental in supporting innovative activities in health and education, fostering cross-sectoral work and encouraging the engagement of CSOs and communities in sectoral activities.

12. Of the 20 countries with evolving SWAp and related initiatives, only five (Bangladesh, Ghana, Uganda, United Republic of Tanzania and Zambia) prefer the pooling of resources (basket funding/budget support).¹ For example, Mozambique has a pooling mechanism for drugs and technical assistance, and Ethiopia offers partners four options for channelling resources to the Government. Despite its popularity in some countries, total pooling of all resources for a sector has not been achieved in any country. To date, funds channelled through pooled/budget support mechanisms represent only 17 per cent of donor funding for sectoral programmes.² UNICEF is only one of many development partners providing Governments earmarked funds in parallel with the basket mechanism.

13. A 2001 study by the United Kingdom Department for International Development in the United Republic of Tanzania found that 15 of the 23 development partners operating in the country³ did not use the health sector basket fund. The other eight partners⁴ used the basket approach to deliver part of their aid to the health sector. In those five countries where pooling of resources exists, in the event that UNICEF and partner Governments were to consider that the situation of children in the sector could best be advanced by contributing the organization's limited funds to the common basket, UNICEF financial rules and regulations accommodate such a preference, provided that strict standards of reporting and accountability can be applied.

IV. The benefits of engagement

14. A clear rationale for UNICEF engagement can be discerned in the feedback from its field offices. Country offices see significant potential gains for children within a SWAp, including opportunities to influence policies, advocate for children, mobilize resources, improve the coverage, quality and efficiency of services and reduce morbidity and mortality.

15. Overall, the experience of UNICEF with SWAp has been very positive. A number of country offices have cited specific achievements for children that they associated directly with this initiative. UNICEF Mali noted that donor support to the health and education SWAp has increased the amount of financial resources available for children, especially in the areas of primary health care and basic education. UNICEF Bangladesh reported better consensus on health problems and priorities, leading to a systematic response to the challenges facing the health sector. In Malawi, UNICEF observed that with the SWAp, the education sector has an orderly and synergistic programming landscape. Teachers in Nepal are said to have benefited from more systemic support through a resource centre system included in the SWAp. The UNICEF offices in Bolivia, Cambodia and Nepal reported increased school enrolment rates, and those in Bangladesh and the United Republic of Tanzania reported a decline in morbidity and mortality rates.

V. Constraints

16. In some cases, SWApS have been somewhat limited by the narrow definition of a sector. For example, the health sector at times has been defined so as to limit it to the public sector where the health ministry has direct oversight responsibilities, rather than including other important and related areas. Nutrition, gender and sanitation are such cross-sectoral issues which need increased attention within SWApS because of their impact on children's health and education. By narrowly defining a sector, SWApS run the risk of marginalizing non-governmental organizations (NGOs) and communities, thus missing the opportunity to allow important stakeholders to participate. In health, these include private not-for-profit providers, the uniformed services, private sector groups and practitioners of traditional medicine. During the design and planning phases of SWApS, UNICEF advocates that these cross-sectoral issues be included as part of its work to put children at the centre of development.

17. The most common concern of UNICEF country offices is to ensure the capacity of staff to maintain the focus on children in the dialogue raised by the SWAp, as some staff have limited experience in operating at the wider sectoral level. The issue of staff capacity is heightened by a rapidly changing environment and the pressures of such multiple coordination instruments as SWApS, PRSPs, the United Nations Development Assistance Framework and such global or regional initiatives as GAVI or NEPAD. These initiatives occur concurrently in some countries, creating a very real problem for UNICEF (as for Governments) in terms of shortages of staff to devote to these time-consuming processes, and the concomitant need to establish criteria for the inevitable trade-offs imposed by managing these demands.⁵

VI. Strengthening capacity for effective engagement in SWApS

18. Since the adoption of decision 2001/11, UNICEF has taken systematic action to monitor country offices' experiences of participating in SWApS. First, the formats for the country offices' annual reports and regional analysis reports were revised to include information on SWApS. Secondly, the two UNICEF regional offices in Africa, which has the highest number of SWApS, established networks which address partnership issues as they relate to SWApS and such other initiatives as PRSPs and which facilitate the exchange of country experiences and support internal capacity development. UNICEF regional and global consultations feature SWApS prominently on their agendas. Finally, UNICEF headquarters has been monitoring the organization's evolving role in these initiatives.

19. The need to develop staff capacities to participate meaningfully in policy dialogue on SWApS and in their implementation is being addressed by UNICEF in coordination with other development partners. At a global level, the Inter-Agency Group on Sector-wide Approaches was instrumental in the development of a comprehensive training package on SWApS and the staging of five regional workshops since September 2001. The workshops (in Nairobi, Kenya; Hanoi, Viet Nam; Managua, Nicaragua; Dakar, Senegal; and Bishkek, Kyrgyzstan) attracted nearly 200 participants representing national Governments, bilateral donors, multilateral agencies and NGOs. The Governments of the Netherlands, Norway and Sweden and WHO donated funds for the initiative. The secretariat of the Inter-Agency Group and its members (including bilateral donors and United Nations

agencies) provided the overall guidance. UNICEF staff from 15 country offices in five regions attended the workshops. The participants remarked that the workshops contributed to better understanding of SWApS and facilitated exchange of knowledge about their development and implementation.

20. In addition to the inter-agency training, UNICEF carried out other activities to address capacity gaps. SWApS now feature prominently on the agendas of the Regional Management Teams in Africa and in the annual consultations of technical officers, planning officers and program coordinators. SWApS and guidance for UNICEF participation are reflected in the latest version of the Programme Processes and Procedures Manual, the reference document on programming for UNICEF staff worldwide. Progress is reviewed in the annual reports from country offices and annual regional analysis reports. The West and Central Africa Regional Office launched a capacity development initiative on partnerships, focused especially on SWApS. These efforts received a boost early this year with a grant from the Government of Norway, which is supporting various activities including focused workshops, thematic studies on such issues as gender and partnerships, disparity analysis and collaboration between UNICEF and NGOs on child rights issues within SWAp and PRSP frameworks. Late in 2002, the Eastern and Southern Africa Regional Office task force on SWApS is planning an in-depth workshop for UNICEF staff in the region, to explore child rights issues in the contexts of SWApS, the gender dimension and community involvement in SWAp processes. Resource persons for this workshop will include UNICEF staff who took part in the Inter-Agency Group workshop in Nairobi in September 2001.

VII. Conclusions

21. Overall, the review of country experiences shows extensive and multidimensional engagement by UNICEF in SWApS. As part of its work to place children at the centre of development strategies, UNICEF will strengthen its participation in SWApS and in all other initiatives and development frameworks which offer the opportunity for improving the situation of children, and to which the organization can contribute. UNICEF will advocate that SWApS, PRSPs and other development frameworks incorporate objectives which are relevant to the fulfilment of children's rights, with cross-sectoral perspectives and strategies for the empowerment of families, communities, local government and CSOs both to contribute to and hold Governments accountable for achieving the Millennium Development Goals. The comparative advantage of UNICEF will continue to be in supporting and developing strategies of advocacy, service delivery, capacity development and empowerment, rather than in funding, which will usually be modest and catalytic in nature.

22. In the current dynamic environment, where SWApS are just one of several development coordination mechanisms and where PRSPs increasingly are gaining pre-eminence as the strategic instrument for achieving the Millennium Development Goals, UNICEF will continuously assess how and where it can best place its limited resources for the fulfilment of children's needs and rights. It will seek partnerships and build alliances with the members of the United Nations Development Group, the World Bank, donors, national Governments and CSOs, as well as with children and young people themselves, and aim to ensure that the goals of the medium-term strategic plan, 'A World Fit for Children and the Millennium Declaration are central

to all development efforts. To do so successfully, the capacities of staff for policy dialogue, analysis and design, and for communication and negotiation, must be increased. These are not small challenges, and UNICEF has begun to address them at country, regional and headquarters levels, paying particular attention to Africa, where the majority of SWApS and PRSPs are implemented.

Notes

¹ Institute for Health Sector Development/WHO, 2002.

² Ibid.

³ Belgium, Canada, Finland, France, Italy, Japan, Spain, Sweden, United States, European Union, Joint United Nations Programme on HIV/AIDS, United Nations Development Programme, United Nations Population Fund, UNICEF and WHO.

⁴ Denmark, Germany, Ireland, Netherlands, Norway, Switzerland, United Kingdom, World Bank.

⁵ For example, see Riddell, A., "Sector-wide Approaches in Education: Implications for Donor Agencies and Issues Arising from Case Studies of Zambia and Mozambique", 2001.



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Review of the UNICEF supply function in the context of the medium-term strategic plan

Summary

The present report reviews the UNICEF supply function in the context of the medium-term strategic plan (MTSP). The report provides an overview of the work of UNICEF Supply Division and discusses the supply component of the five organizational priorities of the MTSP. It also reviews other aspects of the Division's work (procurement services and the Oil for Food Programme in Iraq), discusses steps taken to improve the efficiency of the UNICEF global supply operation, and addresses several future challenges, including the issue of vaccine security.

* E/ICEF/2003/2.



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I. Introduction

1. Since the Executive Board last reviewed the UNICEF supply function five years ago (E/ICEF/1997/AB/L.14), supplies have continued to be central to UNICEF cooperation, either through traditional direct supply assistance as part of country programmes, or increasingly, through procurement on behalf of partners, either via procurement services or such new mechanisms as the Global Alliance for Vaccines and Immunization (GAVI). UNICEF Supply Division is responsible for overseeing this global procurement and logistics operation, which in 2001 had a volume amounting to almost \$600 million worth of supplies. The Division supports country offices and partners in achieving the priorities of the UNICEF medium-term strategic plan (MTSP) by purchasing supplies that meet high standards for quality and value and ensuring their timely delivery, and by working to ensure that procurement by every UNICEF office follows all organizational regulations and ethical standards.

II. Overview of Supply Division's activities

2. In 2001, UNICEF purchased \$595 million worth of supplies globally, with \$357 million purchased offshore by Supply Division and \$238 million purchased locally by UNICEF field offices. Of the total, some \$351 million was purchased for UNICEF country programmes, \$72 million for procurement services for other partners, \$75 million for GAVI and \$40 million for the Oil for Food Programme (OFFP) for Iraq. Another \$44 million was spent on replenishment of the Copenhagen warehouse and \$13 million on administrative supplies and support.

3. The commodities purchased by UNICEF are classified either as strategic supplies, which directly support MTSP priorities (i.e., vaccines and immunization supplies, pharmaceuticals, medical equipment, micronutrients, water and sanitation supplies, insecticide-treated bednets, educational materials, blankets, shelter materials, etc.) or as supporting commodities, which help to ensure that programmes run effectively (i.e., office equipment, computers and vehicles). Supply Division is responsible for procurement of all vaccines, auto-disable syringes, safety boxes (for disposal of injection equipment), pharmaceuticals, micronutrients and therapeutic foods. UNICEF field offices are authorized to undertake local procurement up to \$50,000 for all other commodities without prior authorization, depending on the availability and quality of local products. Field offices generally procure non-strategic commodities like fuel, construction supplies and printing services. Supply Division frequently negotiates long-term agreements (LTAs) and direct ordering arrangements under which field offices may purchase many supplies directly.

4. In 2001, the largest commodity groups purchased by UNICEF were in the areas of immunization (\$261 million), water and sanitation (\$55 million), medical supplies and equipment (\$38 million), educational supplies (\$35 million) and nutrition (\$19 million). The figures from recent years follow a similar trend, with vaccines by far the largest commodity purchased, largely because of the vaccines required for GAVI and for global efforts against polio, measles and maternal and neonatal tetanus.

5. Supply Division provides procurement, logistical and technical expertise to UNICEF offices and external customers, and also reviews requests and gives feedback to customers regarding the supply chain and product management (quality, shelf-life, temperatures, storage and transportation). The Division works closely with relevant headquarters divisions and regional offices to assist countries in undertaking assessments of essential commodities as part of their ongoing situation analysis or in preparation of the Common Country Assessment, country note and mid-term review. The first such structured assessments took place in Bosnia and Herzegovina and Ecuador in 2002. Senior Supply Division staff have been outposted to regional offices to support the staff of country offices in these efforts, particularly in Africa, where most UNICEF programmes have a high supply throughput.

6. Supply Division works closely with other United Nations agencies on a wide range of policy and programmatic issues. The World Health Organization (WHO) in particular is a strong partner on immunization and drug technologies, as is the United Nations Population Fund (UNFPA) in health. At field level, and especially during emergencies, UNICEF supply staff maintain close coordination with the World Food Programme (WFP) and the Office of the United Nations High Commissioner for Refugees (UNHCR) on shipping, logistics and distribution. As part of the UNICEF contribution to the Roll Back Malaria initiative, Supply Division has been working to expand the availability and use of new technology for insecticide-treated bednets. The Division works with other partners on common approaches to product specification, procurement and warehousing.

7. The Supply Division warehouse in Copenhagen is central to the Division's support to country offices and to the overall emergency response capacity of UNICEF. The warehouse specializes in developing and shipping pre-packed kits that are designed to meet a variety of needs, especially for medical care and education. The kits can be assembled, shipped and distributed rapidly, making them ideal for emergency situations. Each kit contains a complete set of supplies and instructions for use, so that they can be distributed to outlying schools, health posts or camps and be ready for immediate use. The warehouse stocks components for 29 different kits, including the emergency health kit and the "School in a Box".

III. Supply/logistics and the medium-term strategic plan

8. Supplies are essential for achieving the goals of the MTSP, and are also an important part of the UNICEF contribution to achieving many of the goals of *A World Fit for Children*, adopted by the General Assembly at the Special Session on Children, and many of the Millennium Development Goals. Supply Division focuses its procurement of strategic supplies on supporting the organizational priorities of the MTSP. This support varies depending on the relevance of the supply component to each priority, to national priorities and to the UNICEF programme in specific countries. Procurement services are an additional means of supporting the MTSP priorities as part of national programmes for children, especially in countries where direct programme support from UNICEF is limited.

A. Immunization "plus"

9. Ensuring a reliable supply of safe and affordable vaccines is one of the major components of immunization "plus". Supply Division is responsible for procuring all vaccines and safe injection devices for the global campaigns to eradicate polio, eliminate neonatal and maternal tetanus and control measles, and all vaccines on behalf of GAVI. Because of its high volume of vaccine procurement, UNICEF is one of the world's largest purchasers of vaccines for developing countries.

10. In 2001, UNICEF purchased \$261 million worth of vaccines for use in over 90 countries by UNICEF-supported programmes, GAVI and procurement services customers, including Governments and other agencies. Supply Division buys vaccines only from manufacturers certified by WHO. It cooperates with the vaccine industry and WHO on forecasting of vaccine requirements and planning of requirements for major campaigns, including National Immunization Days (NIDs), as well as for emergency outbreaks of disease. The Division also purchases safe injection materials, safety boxes and cold-chain equipment for UNICEF-supported immunization programmes, as well as vitamin A, another key component of immunization "plus", with some 500 million vitamin A capsules shipped from the Copenhagen warehouse in 2001 alone.

11. Supply Division is responsible for procuring all vaccines for GAVI, which is a broad partnership of many public and private organizations. In 2001, this procurement amounted to \$75 million, primarily for new and under-used vaccines, specifically against hepatitis B and *haemophilus influenza B* (Hib), and yellow fever in endemic countries. By the end of 2001, some 50 countries had been approved to receive vaccines under GAVI. The Division has worked closely with the industry and the recipient countries on managing the roll-out, allocation and shipment of the new vaccines.

12. Another enormous challenge in recent years has been ensuring an adequate supply of oral polio vaccine (OPV) for the global polio eradication campaign. In 1999, there was a sudden increase in demand owing to the stepped-up eradication programme at a time of limited global availability of OPV. Since then, Supply Division has worked intensively with WHO and the manufacturers to manage the global OPV supply and to plan for vaccine requirements after polio has been eradicated in 2005. In addition to the closer day-to-day working relationship with WHO, an important by-product of this effort has been the consideration of vaccine availability as a factor in the planning and scheduling of NIDs and other immunization campaigns.

13. Vaccine purchasing has become increasingly complex in recent years as the market has changed, owing to a growing divergence between the types of vaccines used in industrialized and developing countries. Industrialized countries generally buy more expensive vaccines against a wider range of diseases than the traditional target diseases of the expanded programme on immunization, for which UNICEF purchases mainly "penny" vaccines for developing countries. For example, the price for a dose of combined measles/mumps/rubella vaccine can be as high as \$16 in the public sector in the United States, while UNICEF buys a single measles vaccine that costs 10 cents a dose. As markets have changed, some manufacturers have stopped production of the cheaper vaccines. Supply Division is working with current manufacturers to increase the availability of the basic vaccines used by UNICEF,

and is also working with potential new manufacturers in both industrialized and developing countries.

14. Vaccine security. As discussed in a report on vaccine security presented to the Executive Board at the first regular session of 2002 (E/ICEF/2002/6), the world is experiencing vaccine shortages serious enough to jeopardize immunization programmes for children. The report stressed that vaccine security — the sustained, uninterrupted supply of affordable vaccines, especially for the poorest countries — hinges on guaranteed production of vaccines, secure multi-year allocations for vaccine financing and the development of long-term forecasting of vaccine requirements.

15. In the past year, Supply Division has focused considerable attention on improving the forecast of countries' vaccine needs, through a redesigned format of enquiry and increased communication with countries. The Division has held discussions on its long-term vaccine requirements with 12 producers, including emerging manufacturers in developing countries and national manufacturers in some industrialized countries, only four of which currently have been pre-qualified by WHO. In addition, high-level meetings with major manufacturers have helped to increase their confidence in UNICEF and resulted in a better understanding of the constraints facing both sides.

16. The availability of funding has improved in terms of earlier commitments from some donors to cover vaccine needs, but assured funding is still insufficient for issuing firm contracts with manufacturers. The unpredictability of funding is the greatest risk to ensuring adequate and sustainable vaccine supply.

B. HIV/AIDS

17. One of the aims of the organizational priority on HIV/AIDS is to expand access to care and support for children and their families living with HIV and AIDS. Improving access to medicines for people living with HIV/AIDS is part of this challenge, as is prevention of mother-to-child transmission (PMTCT) of HIV. Many of the millions of people living with HIV/AIDS in the poorest countries lack even basic medicines to treat common infections and other conditions, with painkillers, antibiotics, anti-malarial and anti-tuberculosis medicines in desperately short supply.

18. With its limited resources, UNICEF cannot provide these medicines in large quantities. However, Supply Division has been able to focus on medicines for PMTCT in poor countries, providing a limited selection of anti-retroviral medicines, basic essential medicines and other supplies for a basic package of antenatal care. In 2000-2001, the Division also procured HIV test kits for 19 countries, mostly in Africa, and provided related technical support. As a participant in the WHO Bulk Procurement Scheme for HIV test kits, Supply Division procures only kits that are approved by WHO. The Division is also providing direct assistance to countries on supply management, specifically in relation to PMTCT, in order to strengthen supply planning and delivery systems.

19. In addition to the provision of medicines and test kits, Supply Division has been a partner in two inter-agency initiatives to provide information to decision makers on the manufacturers, quality and prices of HIV-related medicines. The two projects have been undertaken jointly by UNICEF, the Joint United Nations

Programme on HIV/AIDS, UNFPA, WHO and *Médecins sans frontières* (Doctors Without Borders). The first project, started in 1999, publishes an annual report, "Sources and prices of selected drugs and diagnostics for people living with HIV/AIDS", based on a survey of over 200 pharmaceutical manufacturers in 40 countries worldwide. The second project, initiated in 2000, evaluates HIV-related products in accordance with WHO-recommended standards. Both projects are part of a United Nations system-wide strategy to increase access to affordable and reliable HIV treatment and care.

20. In 2002, Supply Division was requested to provide procurement services assistance to the PMTCT Plus Initiative coordinated by Columbia University (United States). The Initiative aims to support the provision of HIV-specific care, including access to a number of standardized antiretroviral options when clinically indicated, to HIV-infected women and children identified in PMTCT programs, and to their HIV-infected family members as appropriate. Supply Division has worked with the Initiative's procurement working group to identify sources of supply for drugs and medical commodities and is responsible for procurement for the Initiative, whose first round of grants for HIV care and treatment including antiretroviral therapy for infected mothers, children, and other family members, concentrates on 40 sites in eight African and Asian countries (Côte d'Ivoire, Kenya, Mozambique, Rwanda, South Africa, Thailand, Uganda and Zambia). In the countries concerned, the Initiative works in consultation with both the UNICEF country office and the Government.

C. Education

21. The supply component of UNICEF education programmes is most visible in emergency situations, largely because of the success of the "School in a Box", which has been used by UNICEF since the mid-1990s. The "School in a Box" was originally developed by education experts from UNICEF and the United Nations Educational, Scientific and Cultural Organization to provide basic education to hundreds of thousands of children in refugee camps who had been displaced by the events in Rwanda in 1994. The box contains supplies and materials for up to 80 students (in double-shift classes of 40), plus supplies for the teacher, in a locked box which can double as a blackboard when coated with the special paint included in the kit. Using a locally developed teaching guide and curriculum, teachers can establish makeshift classrooms almost anywhere. Its purpose is to ensure the continuation of children's education during the early stages of an emergency. Over the past five years, the "School in a Box" has been extensively used in India, Kosovo, Timor-Leste and Turkey, with some of these kits produced locally (e.g., in India) and others assembled at the Copenhagen warehouse and shipped to the country.

22. The most recent and spectacular use of educational kits was in Afghanistan. In March 2002, as part of the country's Back to School programme, UNICEF delivered 10,000 kits from Copenhagen. With support and training provided by staff from Copenhagen, another 64,000 kits were packed at a warehouse in Pakistan and 10,000 kits were produced in Tajikistan and Uzbekistan. In the first phase of the unprecedented operation, UNICEF provided educational materials to 1.7 million primary-school children. For the second phase, UNICEF sent 5,000 kits from Copenhagen. In addition, as part of its efforts to support the reconstruction of the country's education system, UNICEF renovated and put in place the Ministry of

Education Logistics Centre in Kabul, which can produce over 3,000 kits per day. The production for the second phase took place between August and end-October, producing kits for 1.3 million primary-school children and 300,000 secondary-school children. The production started again in November to provide educational materials for 4.5 million children by March 2003 under the Stay in School programme. In addition to the education kits and school supplies, UNICEF also supplied tents and other materials to establish schools, particularly for girls, allowing them to resume their education after being prevented from attending school for years.

23. In addition to the School in a Box, Supply Division procures various educational equipment and materials that can be ordered as separate items or assembled in specific sets, based on the local requirements of a country office or external customer. Providing water and sanitation facilities to boys and girls in school is also one of the key interventions for girls' education. Supply Division is working with Programme Division to develop standards to be applied throughout UNICEF.

D. Integrated early childhood development

24. Part of the UNICEF commitment to integrated early childhood development (IECD) is to support programmes to deliver nutrition, child and maternal health, water, sanitation and hygiene-related services and commodities. Supplies always have been and remain central to most of these efforts, as reflected in the list of commodities provided by UNICEF (available on the internet at www.supply.unicef.dk). These range from essential drugs, medical kits, midwife and safe delivery kits, micronutrients and food supplements to insecticide-treated bednets to water containers, latrines and even pumps and drilling rigs in some countries. In all of these cases, Supply Division staff work with country offices to determine appropriate standards and product specifications. In addition, the Division has developed an IECD kit and is discussing production with Programme Division. The kit was developed to respond to the needs of young children and includes play materials (for children 0-3 years, books, puzzles, hanging mobiles and soft safe objects; for children 3 to 6 years, it also contains such stimulation materials as hand puppets, colouring pencils and paper, cups and spoons) and caregiver's materials (notebook, paper towel, apron, food container and soap).

25. The procurement of essential drugs, including micronutrients, is an area of special concern because of the potential risks involved if drugs are unsafe or do not meet required standards. Supply Division, which follows the WHO Model List of Essential Medicines, is a centre of expertise on the quality, manufacture, regulatory requirements and purchasing of essential medicines and provides technical assistance in their management within and outside UNICEF. The Copenhagen warehouse is certified for Good Distribution Practices for pharmaceuticals.

26. Pharmaceutical procurement is a particularly complex area of business. Because the expanding use of counterfeit and unlicensed drugs is a concern in many countries, UNICEF focuses on controlling the origin of the drugs it supplies and allows country offices to purchase drugs only through Supply Division. The Division has a quality assurance system for its purchase of drugs, involving pre-qualification of suppliers which comply with WHO Good Manufacturing Practice

Guidelines; assessment and evaluations of documentation provided by suppliers and product evaluations; and site visits to manufacturers. During 2002, UNICEF collaborated with UNAIDS, UNFPA, WHO and the World Bank in a pilot project on procurement, quality and sourcing on access to HIV/AIDS drugs and diagnostics of acceptable quality, which resulted in the pre-qualification of some 60 products from nine companies.

27. Supply Division is an active member of the Inter-Agency Pharmaceutical Coordination Group, which was established in 1996 by UNICEF, WHO and the World Bank and later joined by UNFPA and UNAIDS. Through the Group, each agency's pharmaceutical advisers meet regularly to review common policies and practices, and to coordinate pharmaceutical policies underlying technical advice to partner countries. There is agreement among the partners that the pre-qualification of pharmaceutical manufacturers is a pre-requisite for ensuring product quality.

E. Child protection

28. The supply component of child protection is concerned primarily with emergency response and protection of affected children. One of the UNICEF Core Corporate Commitments in emergencies is to provide essential supplies for health and nutrition, education, water supply and sanitation programmes. Emergency supplies are increasingly planned as part of a long-term perspective which also includes rehabilitation and development. In major emergencies, UNICEF is a partner in the United Nations Joint Logistics Cell, led by WFP at field level. The Joint Logistics Cell provides two standard training sessions, one hosted by WFP in Brindisi, Italy and the other hosted by UNICEF in Copenhagen.

29. Supply Division's Copenhagen warehouse is key to the UNICEF emergency response capacity. Emergency supplies can be packed and shipped within 24 hours of receipt of an order, delivering the essential drugs and vaccines, medical equipment, water containers and purification tablets, blankets and educational supplies needed for children's immediate survival and recovery from trauma. The warehouse has also been contracted by UNHCR and the International Federation of Red Cross and Red Crescent Societies to stock and ship their emergency supplies. When possible, UNICEF and also UNHCR split charter flights from Copenhagen during emergencies.

30. Supply Division constantly evaluates and adjusts stockpiles and stocking points to have adequate supplies available for emergency situations. With support from the United Kingdom Department for International Development, UNICEF is looking at the advisability of regional sourcing and stockpiling of emergency supplies. In the interim, UNICEF has decided to double the global emergency stockpile controlled by the Copenhagen warehouse to a value of \$1.3 million, enough to cover the emergency non-food needs of 100,000 people for three weeks (but including therapeutic foods for malnourished children). Supply Division will also use suppliers' warehouses to hold additional inventories of shelter materials, blankets, water containers, water purification tablets, oral rehydration salts, etc.

31. Supply Division staff work closely with the Office of Emergency Programmes and Programme Division to monitor emerging supply needs during the course of an emergency, and in planning supply needs for reconstruction and rehabilitation. It is

more difficult to make realistic supply plans for long-term emergency countries because of the volatility of the situation in the field and the uncertainty of funding.

IV. Other areas of activity

A. Procurement services

32. Through procurement services, UNICEF acts as a procurement agent for governmental and non-governmental partners, purchasing and delivering supplies and equipment. Procurement services are usually planned as part of UNICEF cooperation with the concerned Government. During the situation analysis, UNICEF and the Government identify the supply needs that UNICEF can address directly and those being addressed by other partners. UNICEF offers its procurement services to these partners when the activities complement or are part of the country programme, thus leveraging new resources for children. The principal advantage of UNICEF procurement services is to offer development partners a full supply package, (i.e., assistance with product specification, procurement, use and end-user monitoring), including country-level operational support, in product areas where UNICEF has recognized experience. These are mainly vaccines, injection materials, cold-chain equipment, essential drugs, medical equipment and supplies, education materials and emergency supplies.

33. Procurement services agreements are governed by memoranda of understanding, which Supply Division is responsible for approving. Supply Division thus ensures that UNICEF resources do not subsidize procurement services, that the handling fee is used to cover costs and that requirements can be built in to Supply Division's own planning so that supplies can be delivered on time without affecting deliveries for UNICEF-supported programmes.

34. In 2001, procurement services amounted to \$72 million. As of October 2002, the value of orders to be delivered had exceeded \$100 million for the year. Since mid-2001, procurement services have operated in over 65 countries. Major customers include the Governments of Bangladesh, India and Pakistan, for immunization, the Japanese International Cooperation Agency, for projects in a range of countries, and the Governments of Ethiopia, Ghana, Kenya, Lebanon, Malawi, Madagascar, Morocco, Mozambique, Rwanda, the United Republic of Tanzania, Uganda and Uzbekistan.

B. Oil for Food Programme

35. Supply Division has been procuring supplies for OFFP since the programme's inception in 1997. The value of supplies procured each year has varied depending on the allocations to UNICEF, rising to a high of \$75 million in 2000 and dropping to \$40 million in 2001. Under OFFP, UNICEF is responsible for programme implementation in Northern Iraq (distinct from the programme of cooperation between UNICEF and the Government of Iraq), focusing on water supply and sanitation and some education and nutrition programmes. UNICEF has focused in particular on the rehabilitation of damaged systems and combating persistent drought, through large-scale provision of vehicles, heavy equipment and components for water and sanitation systems. UNICEF has also supported the

construction of schools and installation of printing presses for production of textbooks.

36. Supply Division has established a small team in Copenhagen to manage the OFFP procurement operation. The team works closely with the Ankara (Turkey) Procurement Centre, which was established to manage regional procurement for OFFP, and with a supply team working in Northern Iraq.

V. Improved efficiency of supply operations

37. Supply Division has worked closely with country offices in recent years to develop and improve the quality of **annual supply plans**. The Division and outposted regional supply staff work with country offices on commodity assessments, forecasting and planning, establishing an annual deadline for receiving requisitions and using the plans to negotiate LTAs for standard materials. These agreements, under which UNICEF and the supplier agree on commercial terms for products in anticipation of future orders, assure more rapid deliveries.

38. Supply Division **evaluates and registers all suppliers** with which it does business. The evaluation assesses a company's financial strength, manufacturing capacity and quality systems. Existing suppliers are also regularly re-evaluated. UNICEF is also part of the United Nations Common Supplier Data base, which is managed by the Inter-Agency Procurement Services Office. To assure a wide supplier base, Supply Division takes part in and organizes several supplier seminars in different parts of the world every year. The Division's inspectors randomly inspect all supplies coming to the UNICEF warehouse and evaluate all samples submitted with bids. In addition, inspection companies are contracted to carry out factory inspections on behalf of UNICEF.

39. Supply Division's **Copenhagen warehouse**, which recently marked its fortieth year of operations, covers 25,000 square meters. The Government of Denmark provides the warehouse and adjacent offices to UNICEF and has been actively involved in upgrading its facilities with the latest technology. In addition to emergency response and stockpiling, the warehouse also maintains an inventory of goods and is responsible for worldwide shipments of supplies. The warehouse specializes in kit and set packing, which remains an important service to customers. The annual value of orders processed by the warehouse has remained at or near \$50 million since 1997.

40. As local markets expand and the quality of locally produced goods continues to improve, UNICEF relies increasingly on **decentralized procurement** in most countries. In 2000 and 2001, eight of the top 20 supplier countries to UNICEF were programme countries, making the volume of local and regional procurement by UNICEF one of the largest in the United Nations system, amounting to \$238 million in 2001. Since 2000, UNICEF representatives have been authorized to undertake local procurement of most commodities up to \$50,000 without prior approval from Supply Division. Another option is direct ordering of such standard supplies as computers, office supplies and furniture, vehicles and some cold-chain equipment. Supply Division has negotiated a series of LTAs for these products which allow country offices to order directly from suppliers. The advantages of local procurement include after-sales services, avoidance of delays because of customs clearance and reduced transport time. However, prices are not always competitive,

not all commodities are available locally, quality is sometimes substandard and suppliers keep low stock levels, resulting in the need for a mix of local and offshore procurement.

41. Because these changes have required improved capacities of **supply staff** in country offices, the Division has been systematically providing professional training through regional training workshops and special courses in Copenhagen. The Division has also worked with the Division of Human Resources to develop competency profiles for various supply, procurement and logistics posts.

42. The **overall responsibility for UNICEF procurement** rest with the Director of Supply Division, although each UNICEF office determines its own supply requirements in consultation with host Governments and through situation analyses. Oversight of local procurement is assured through Contract Review Committees in each country office and Regional Directors are responsible for regional oversight. Supply Division reviews the documentation provided by the Contract Review Committees, undertakes field visits and analyses data on all purchases. The UNICEF Office of Internal Audit systematically reviews the supply function as part of each audit of a country office.

43. **Regional supply centres** were established in 1998 in Ankara, Turkey and Pretoria, South Africa. The Ankara Centre was created to procure supplies for OFFP, especially educational supplies, and the Pretoria Centre was set up to source suppliers of bednets and insecticides as part of the Roll Back Malaria initiative. Both centres quickly expanded to provide a wider range of supplies to UNICEF offices. The Ankara Centre played an essential role following the 1999 earthquake in Turkey and during the Afghanistan emergency in 2001-2002. The Pretoria Centre now procures supplies for UNICEF programmes throughout Southern Africa.

44. Working with Governments, UNICEF continues to monitor closely the status of **in-country distribution and logistics systems** to ensure that supplies are reaching the intended beneficiaries. Although the primary responsibility lies with country offices, Supply Division has increased its support to country and regional offices in both analysis of risks and in terms of technical support to improve in-country systems. These efforts focus in particular on countries receiving shipments of anti-retroviral drugs for the care and treatment of HIV/AIDS.

VI. Alliances and partnerships

45. Supplies have traditionally been associated with UNICEF in the minds of the general public and National Committees for UNICEF continue to make extensive use of supplies in their fund-raising campaigns and emergency appeals. Most media stories about UNICEF and accompanying photographs have a supply component. Supply Division works with the Division of Communication and National Committees to support UNICEF advocacy and fund-raising.

46. As discussed throughout the present report, Supply Division frequently works with other United Nations agencies on policy, technical and operational issues. As a member of the Inter-Agency Procurement Working Group, Supply Division has contributed to the development of common services at United Nations Headquarters. In addition, there has been a significant review of procurement regulations and rules with the aim of increased harmonization of the different agencies' procurement

activities. Work is progressing on the concept of a "lead agency" for specific commodities and the possibility of sharing LTAs within the United Nations system. One example is the freight forwarding agreement established by UNICEF, which is now used by other agencies.

47. GAVI and other new initiatives have offered new possibilities for collaboration with a wider range of partners. New ways of working within these alliances in an increasingly complex environment have shown the need to develop staff capacities in new areas of expertise, for example in dealing with industry partners.

VII. Challenges

48. As discussed in paragraphs 14-16 above, **vaccine security** will continue to be high on the UNICEF agenda, with Supply Division working to increase the number of manufacturers able to supply vaccines, improving the planning and forecasting of demand and above all working with programme countries and donors alike to ensure adequate future funding to cover vaccine requirements. The overall availability of vaccines is predicted to remain limited in upcoming years, requiring extra efforts to avoid shortages that would leave children unprotected against disease.

49. As a result of lower prices and the increased funding available for **anti-retroviral** medicines for the care and treatment of people with HIV/AIDS, demand will increase dramatically (see paragraphs 17-20 above). Supply Division is ready to support the increased procurement of these products, but is also emphasizing the security of in-country supply systems to ensure delivery to patients, merging the global procurement capacity of UNICEF with its in-country operational capacity. Given that countries have varying levels of experience in procurement and supply management, Supply Division will continue to support increased access to HIV-related drugs by providing advice in these areas. In addition to the quality of products, many factors have to be considered, including intellectual property issues and consistency with international agreements and national laws.

50. UNICEF has taken the lead in the **provision of insecticide-impregnated bednets** to help prevent malaria in young children and pregnant women. Supply Division currently works with a number of manufacturers in developing countries, including in Africa. The demand for treated bednets is increasing rapidly and there will be capacity limits to the number of nets produced. Supply Division is seeking new manufacturers and is establishing more systematic long-term purchase agreements to increase and speed up procurement. It will continue to work within the Roll-Back Malaria initiative in the transfer of technology to manufacturers for the production of long-lasting (permanently treated) nets, which are considered more effective.

51. The lessons learned from vaccine procurement in a tight market and the initial purchases of anti-retroviral drugs where patent protection issues have to be thoroughly researched, point to a **far more complex business environment** facing UNICEF in the procurement of some of its key commodities. Supply Division is putting increasing efforts into market analysis, legal issues and in-country logistics, which in turn has implications for the type of staff capacities required in the supply function. The Division will continue to develop competency profiles for staff that include this wider range of analytical skills.

52. As part of its increasing focus on strategic supplies, Supply Division will address **procurement of supporting supplies** in a different way. The Division has already been successful in using catalogue companies for direct ordering by all UNICEF offices of office supplies, audio-visual equipment and other commonly used products. Similar possibilities are being considered for low-value, low-volume pharmaceuticals and for some medical supplies. Where feasible, the Division will also use the contracts of other United Nations agencies. Some of these arrangements will include working with qualified consolidators and wholesalers in the acquisition of certain products.

53. Although these challenges are considerable, Supply Division has been able to adapt its procurement processes and build internal capacity to be able to maintain affordable prices and increase the speed of delivery while maintaining quality and compliance with United Nations procedures. It has also rapidly adapted to a changing market and become a centre of expertise on managing essential supplies for children worldwide.



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United Nations Educational, Scientific and Cultural Organization (UNESCO)/United Nations Children's Fund (UNICEF) Joint Committee on Education

Report on the eighth meeting held in Paris on 25 November 2002**

Summary

The present report contains the recommendations of the eighth meeting of the UNESCO/UNICEF Joint Committee on Education of the Executive Boards of UNICEF and UNESCO, which was held in Paris on 25 November 2002.

Introduction

1. In his introductory remarks, the outgoing chairperson of the Joint Committee on Education (JCE), H.E. Mr. David Stanton (UNESCO), said that the last meeting, hosted by UNICEF in New York in June 1999, had focused on girls' education; early childhood care and education; Africa; educational data and statistics; and the need to elaborate a framework to facilitate collaboration between UNICEF and UNESCO.
2. The meeting elected H.E. Mr. Crispin Grey-Johnson (UNICEF) as chairperson, and Mr. Stanton (UNESCO) and Ms. Margareta Husen (UNICEF) as rapporteurs.

* E/ICEF/2003/2.

** Submission of this report was delayed because of the need for consultations between UNESCO and UNICEF following the meeting.



3. In his opening remarks, the Chairperson said that girls' education is fundamental to development and recalled the commitments made by Governments, agencies and development partners during global conferences to keep girls' education high on their agendas.

4. The Executive Director of UNICEF said that quality education, particularly for girls, was increasingly recognized as an essential prerequisite of any global anti-poverty strategy and therefore was a key to empowerment. She said that the Education for All (EFA) movement, launched at the World Conference on Education for All, held at in Jomtien, Thailand in 1990, had brought the two organizations closer in terms of collaborative work and had given rise to new mechanisms for inter-agency coordination, including the current United Nations reform process. As a result, both organizations had been able to define better their comparative advantages in the field of education.

5. The Director-General of UNESCO said that there was considerable strength and added value to be derived from the unity of purpose of the two organizations collaborating in the areas where their mandates converged. A main concern, however, was how to strengthen collaboration at the field level, especially because UNESCO did not have a large field presence.

Ongoing coordination: EFA and girls' education

6. Following the recommendations of the seventh meeting of JCE, held in February 1999 at UNICEF Headquarters, New York, the eighth meeting addressed collaboration in the two core areas of EFA and girls' education at the international, regional and national levels, focusing on results, impacts and major challenges ahead.

7. The JCE had before it a **background report** (*Collaboration between UNESCO and UNICEF in the Areas of Education for All and Girls' Education*, copies available in English and French upon request) which outlined the changing nature of cooperation between UNESCO and UNICEF since the beginning of their formal collaboration in 1989. The report highlighted a range of new, more broad-based and dynamic collaborative mechanisms being used by both organizations. These began with the World Conference on Education for All in 1990 (convened in Jomtien by the United Nations Development Programme, UNESCO, UNICEF and the World Bank) and the International Consultative Forum on Education for All, which was established to guide and monitor follow-up to the Jomtien Declaration. The Forum provided a platform for collaboration between all EFA stakeholders at a time of growing emphasis on better coordination to increase synergy, avoid duplication of efforts and reduce the service burden on countries. The Forum produced a range of concrete products used to take stock of progress on EFA at the World Education Forum, held in Dakar, Senegal in 2000.

8. A second new phase of collaboration emerged in part from the mandates given to UNESCO and UNICEF at Dakar, namely to coordinate work on EFA and girls' education respectively. This new phase relies on mechanisms that use the comparative advantages of each organization in a partnership which reflects the prevailing international trend in development work. In addition to EFA and girls' education, these mechanisms relate to cross-sectoral issues which affect these areas.

9. In addition to the more broad-based, dynamic mechanisms, collaboration has been facilitated through strengthened interactions between the two Executive Heads and between the education sections of UNESCO and UNICEF. Future challenges increasingly must be addressed collaboratively at the stage of planning national programme priorities and strategies, including making investment decisions. This would be reflected in Common Country Assessments (CCAs), the United Nations Development Assistance Framework (UNDAF), poverty reduction strategies and sector-wide approaches, which have become the internationally recognized policy frameworks for collaboration between United Nations agencies and their partners.

10. The JCE discussions focused on the changing dynamics of cooperation between UNICEF and UNESCO in the areas of EFA and girls' education, and on new coordination mechanisms and their implications for the future of the JCE. The members recognized that regular collaboration between UNICEF and UNESCO was increasingly facilitated through more broad-based and dynamic mechanisms and by new forms of inter-agency coordination at the international, regional and country levels.

11. The Committee had extensive discussions on opportunities for strengthening collaboration in the field of data through the UNESCO Institute of Statistics; the linkages between countries that are part of the World Bank's EFA Fast-Track Initiative and the 25 countries where UNICEF has accelerated interventions; the importance of equal education for boys and girls; education and HIV/AIDS; early childhood education; countries in conflict; and the need for country-level collaboration.

12. Having discussed the report on *Collaboration between UNESCO and UNICEF in the Areas of Education for All and Girls' Education* at its eighth meeting, the JCE agreed that the collaboration between the two organizations has been solidified at international, regional and national levels in areas of mutual interest and in response to comparative strengths. Members further agreed that while the Joint Committee was undoubtedly of strategic importance in initiating collaboration and ensuring that early obstacles were removed, the current range of mechanisms fulfilled this purpose, thus rendering the mandate of the Committee obsolete.

Future collaboration

13. At present, neither organization reviews the other's strengths and complementary features when developing its programme priorities and strategies. If there is some collaboration at this stage of programme planning, in the context of the CCA, it should be possible to ensure greater synergy, avoid duplication of effort and signal the most sensible roles and responsibilities of each agency. Critical priority areas include the new UNICEF global strategy for accelerating progress on girls' education; the United Nations International Literacy Decade 2003-2012, to be coordinated by UNESCO and which will include women's literacy as a key component; and ensuring that gender is central in the planning and implementation of the Fast-track Initiative.

14. There were diverging arguments concerning dissolution of the JCE. One of the strong arguments in favour was the pace with which developments are moving and the resulting need for mechanisms that can respond more effectively to events. This point was exemplified by the fact that the last meeting was held before the Dakar

Forum. Specific mention was made also of meetings of the "Group of Eight" industrialized countries and the Fast-Track Initiative as other collaborative mechanisms.

Recommendation

15. Based on this discussion, the JCE decided that it had fulfilled its original mandate and should be discontinued, noting the institutional arrangements which ensure coordination and collaboration between UNESCO and UNICEF. These include the Dakar follow-up process at the global level, such regional arrangements as the conferences of Ministers of Education of African Member States, sponsored by UNESCO, and such country-level processes as the UNDAF and poverty reduction strategies. The JCE also noted that UNICEF had participated with the World Bank and the Organisation for Economic Co-operation and Development in supporting and benefiting from the work of the UNESCO Institute for Statistics.

16. Accordingly, the JCE agreed to recommend to the Executive Boards of UNESCO and UNICEF that the JCE be discontinued and asked the secretariats of both agencies to propose how to strengthen coordination within existing structures.

Annex**List of participants at the eighth meeting of the UNESCO/
UNICEF Joint Committee on Education****Held at UNESCO Headquarters, Paris, 25 November 2002****UNICEF***Executive Board members*

H.E. Mr. Crispin Grey-Johnson, Permanent Representative of the Gambia to the United Nations and Vice-President of the UNICEF Executive Board

H.E. Ms. Ecaterina Andronescu, Minister of Education and Research, Romania

Mr. Xiaogang Tian, Ministry of Education, Deputy Director General, Department of International Cooperation and Exchanges, China

Mr. Salah Benyama, Ministry of Education, Director of Education, Morocco

Ms. Margareta Husen, Deputy Director, Education Division, SIDA, Sweden

Secretariat

Ms. Carol Bellamy, Executive Director

Mr. Cream Wright, Chief, Education Section

Mr. Youssef Oomar, Assistant Secretary of the Executive Board

UNESCO*Executive Board members*

H.E. Mr. David Stanton, Ambassador and Permanent Delegate of the United Kingdom to UNESCO

H.E. Mr. Musa Bin Jaafar Bin Hassan, Ambassador and Permanent Delegate of Oman to UNESCO

Mr. Fumiaki Takahasi, Ambassador and Permanent Delegate of Japan to UNESCO

Mr. Carlos Alfaro, Director of International Relations and Cooperation, Ministry of Education of Cuba

Ms. Dorothy Littler, Secretary-General of the Swaziland National Commission for UNESCO

Ms. Tatiana Gureeva, Counsellor of the Permanent Delegation of the Russian Federation to UNESCO

Secretariat

Mr. Koichiro Matsuura, Director-General

Mr. John Daniel, Assistant-Director General for Education

Ms. Aïcha Bah-Diallo, Deputy Assistant Director-General for Education

Ms. Mary Joy Pigozzi, Director, Division for the Promotion of Quality of Education

Ms. Lene Buchert, Senior Programme Specialist, Office of Director of Basic Education

Mr. Mark Richmond, Senior Executive Officer, Office of Director-General
